

## CHAPTER 3 : CONCEPTUAL MODEL AND HYPOTHESIS

Divided into six sections, this chapter starts with the description of a brief qualitative study that was undertaken to gain insight about the importance of trust and various attributes of social media marketing which may influence it. Based on this qualitative study and earlier studies conducted in different disciplines of study, the next two sections identify antecedents and outcomes of trust, for undertaking research work in this thesis. Relevant hypothesis are formed in these two sections. Grounding itself in the earlier studies, the fourth section discusses about four personal characteristics which may influence trust and its associated relationships in the context of social media marketing. The next section proposes a conceptual model, which forms the primary study for this thesis. In the last section, a corollary study is described and necessary hypotheses are formed with the aim to extend understanding of the role of trust in online social media marketing.

### 3.1 Qualitative Study to Gain Insights

A qualitative study was undertaken initially to understand: (i) if trust is of vital consideration to the users in the context of OSMM, (ii) which factors users of OSM found important for generation of trust and (iii) what may be outcomes of trust in OSMM. This interview-based study served as the stepping stone before delving further deep into quantitative research at a larger scale. It was also important because of two considerations. Firstly, there are not many papers on the role of trust in the context of OSMM and secondly, interaction with researchers during various conferences revealed that many of them believe OSMM to be a simple extension of traditional e-Commerce. Thus, this study was undertaken to get insight into OSM user's belief and attitude concerning trust towards OSMM.

#### 3.1.1 Methodology

Purposive expert sampling was used for this study. Keeping in mind that the majority of users of OSM in India are in the age group of 20-25, who would probably be engaged in their higher education or have passed recently after earning their degree, 25 participants were contacted for the study. 18 of the contacted users agreed to participate in interviews which were either telephonic or face-to-face in nature.

Among the participants, 11 were male, nine were enrolled in undergraduate studies, 6 were in post-graduate studies and three had completed their studies within the last two years. These

three participants were of interest as two of them were employed in companies which provided consultancy service to other firms for their OSMM activities, while one had started an entrepreneurial venture in the domain of OSM immediately after graduation. All the participants of the interview were avid users of internet (more than 3 hours online daily), various OSM sites and frequent buyers from online stores (at least one online purchase per month).

On an average the semi-structured interviews lasted between 15-20 minutes. The interviews were recorded using mobile phones and were transcribed later. The interviews were conducted in Hindi or English, without use of any jargon. The participants were given a brief idea about OSMM before proceeding with the rest of the interview. The major findings of this study are discussed below.

### **3.1.2 Findings**

#### **1. User activities differ**

The participants were asked about their involvement activities with OSMM process. 8 participants thought that their primary involvement in any OSMM would entail liking / following the page of a brand or online store in an OSM site. Sharing information with selected friends or all users willingly or upon request about products / services through these OSM sites was considered the second most important activity. 6 of the participants revealed that they had contacted firms through at least one OSM site to resolve their issues with purchase or service quality in the last one year. Interestingly, most of the participants did not consider actively (by clicking) or passively viewing (without clicking) the advertisements on various OSM sites as their involvement with OSMM. The three professional users of OSMM were involved in planning and designing OSMM activities on a regular basis. The entrepreneur was also involved in making OSMM strategies for his firm. Apparently all of the users considered themselves to be somehow involved with OSMM activities.

Of the 15 general users of OSMM interviewed, 12 emphasized that they willingly share information about the firms or products when they find it to be useful or containing a funny commercial. Three participants would not generally share information with their friends on OSM sites, unless there were some economic incentives involved for them or their friends. Upon asked whether sharing activities in OSM would depend on the available time at hand and emotional settings, all of the users agreed to it.

## 2. Trust remains important

The users were asked whether they thought trust was of vital importance in OSMM. Six of the participants felt that trust would be among the top three factors of their consideration when they thought of their involvement with OSMM. Enjoyment, available time, nature of friend group and type of product or service were found to be other important factors which would determine user activity. One important revelation was that although users may start to follow or like a company on its OSM page, they would hesitate to decide about purchasing from that company unless they formed some idea about the reputation and size of the company. The interview participants told that reputation of the firm can be gauged through recommendation of their own friends and peer groups in the OSM sites as well as other users talking about the firm in its own page or in other user communities. The product range on display at the OSM sites as well as claim regarding size of achievement of the firm also came out as other important factors affecting trust in the company.

Interestingly, two of the users mentioned that they participated in contests organized online by some companies in the OSM. Later on, the winners of the contests were not declared publicly or the winners were not contacted within reasonable time frame. This led to reduced trust in the company and affected further intention of the users to talk about or participate in any such competition later on.

## 3. Friends wield different degree of influence and affect behaviour

The participants unanimously agreed that friends on the OSM sites have varying influence on their participation and further decision making process. Eight users specified that they would prefer asking their close friends in real life for advice, even if they needed to be contacted through OSM sites. All the respondents agreed that they expected different behavior from their friends, and would do the same themselves too. While most of the participants (14) agreed that they would openly ask for product recommendation from any of their friends on OSM, 11 specified that they would be more careful while requesting for suggestion which were of high consequences or more personal in nature. Similarly, they would change their behavior depending on friend groups in OSM. For example, one user stated, "I follow various brands on Facebook, which sometimes deal with taboo products. Even if I find the message worth sharing, I generally do not do so publicly, and would rather share the information privately with selected friends."

#### 4. Virtual communities follow different sets of rule

All of the participants of the interview were members of different virtual communities in various OSM sites. Six confirmed active participation in one or more groups which were supposedly led and moderated by common users like them. These groups were meant for general discussion, or specific purpose (e.g. recruitment or education related news). Further probing revealed that the groups had different sets of rule for their members. While some of the groups encouraged users active participation to talk about diversified range of topics, other groups were not so encouraging in nature and had strict rules in place. Moreover, groups varied in their privacy settings too. Some groups were open to public searches; some were partially open allowing non-members to view the member list. Another type restricted its over-all presence to anyone on the web, until specifically invited to be a part of it. All participants of the interview confirmed that the group settings as well as explicit and implicit rules set different environment for their members. This would impact building or maintaining trust in the groups and their members.

#### 5. Characteristics of OSM sites influence trust

Facebook was found to be the most popular OSM for sharing personal and public information, gathering information from different sources as well as entertainment. All of the participants visited Facebook on a daily basis, and nine of them confirmed that Facebook was always open either in their computers or on their mobiles. All of the participants had Google Plus accounts. But except for two, others said that they rarely visit Google Plus and created those accounts primarily because it helped them to synchronize their online activities and contact. Moreover, creating Google Plus account was simple and less time consuming as all of them already had Gmail account. But for the three involved in OSMM activities professionally, others told that they did not prefer interacting on Google Plus platform, because of certain navigation issues. Adding friends to different groups, navigating between pages and content quality seemed to be far below Facebook. On the other hand, seven of the interviewees revealed that they would check Twitter for fast update of news at any emergency situation. LinkedIn unanimously emerged as the best option for professional networking to facilitate advancement in career. YouTube was considered by all participants of the interview to be the most preferred OSM for searching and viewing of videos online. Apparently the presentation and organization of videos on YouTube made it the trusted

destination for viewing of videos. But seven of the interviewees also told that they would prefer Facebook to share their personal videos which are short in size and duration.

Five participants revealed that they followed blogs or forums maintained by companies. These OSM sites generally help customers of a company to interact among themselves, help them to troubleshoot problems by requesting for help from the user community and share further recommendation for products by the company or other rival brands. But it was not the preferred place for getting honest reviews. They were sceptical about the authenticity of reviews of products shared through these forums, unless it originated from someone who they have been following for a long time. Thus, it was revealed that the structural design and the inbuilt characteristics of the networks make them trustworthy at different situations to tackle varying contexts.

### **3.1.3 Discussion**

The interview revealed insights regarding OSM users' behaviour and attitude towards OSMM. Users are somewhat aware of OSMM activities and that they are part of it. Trust was found to be among the important factors which would encourage users to actively participate in OSMM activities by sharing information with friends on OSM and by means of engaging in purchase. In conformity with earlier research works, it was found that trust revolves around the role of trustee, trustor and context. Trustees differ in their attitude and behaviour, e.g. level and intensity of participation in OSMM. Trustor, on the other hand, can be divided into two broad categories: the virtual community comprising different types of friendship in OSM, and the OSM itself. Moreover, different OSMs are trusted for different purposes and their design characteristics influence users' attitude towards them.

## **3.2 Antecedents of Trust**

The findings of the brief qualitative study are aligned with suggestions of earlier researchers that trust can be studied focussing on propensity to trust (or dispositional trust), interpersonal trust and institutional trust. Although extant literature generally views interpersonal trust as one's trust on another individual, McKnight and Chervany (2002) suggested that because of the faceless nature of internet, the target of trust here can be broadened to include both an individual (Interpersonal Individual Trust: IPIT) and a web store (Interpersonal Organizational Trust: IPOT). The web store may be represented by the online store itself, or the managers / executives who participate in any form on behalf of the online store.

Institutional trust reflects that one trusts the situation or the structure. Finally, disposition (or propensity) to trust can influence both interpersonal trust and institutional trust. The present thesis concentrates on all these types of trust to develop a holistic overview of the role that trust may play in OSMM. A crude model describing the relationship between trust and its antecedents can be depicted as shown in Figure 3.1: A primitive model of trust and its antecedents in OSMM.

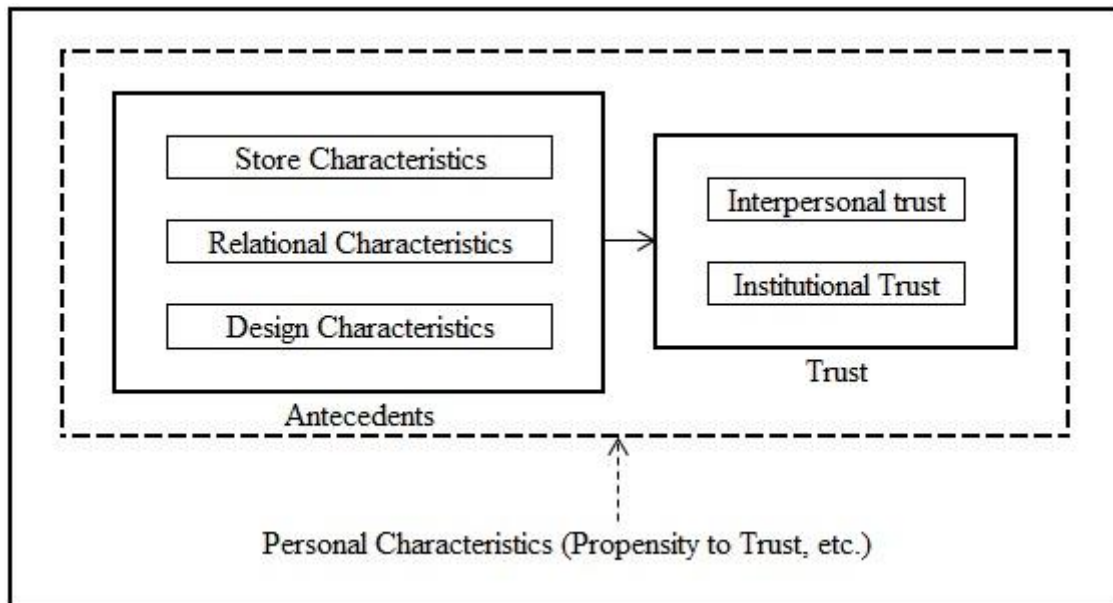


Figure 3.1: A primitive model of trust and its antecedents in OSMM

### 3.2.1 Store Characteristics

Although earlier research papers have examined the role of store characteristics in various stages of trust in online marketing, there is a lack of exploration in the context of OSMM. There are inherent design restrictions placed on the pages of companies maintained in different OSM (e.g. dimension of the profile picture and banner of the page, dimension of images shared, capability to share audio/video, variations in the text font etc.). Therefore, online stores which engage in OSMM need to design their pages differently than their websites for favorable perception of the size of the store and transaction risks. Moreover, managing reputation, brand awareness and brand image is also more difficult in the age of OSMM. On the other hand, because of more influence of other general members, there is a high chance of users of OSM perceiving these characteristics in a different light than consumers who directly interact with websites of online stores. Still store characteristics as perceived by the consumers in OSMM are under the maximum control of managers dealing with OSMM. This facet also gains importance as Connolly & Bannister earlier pointed out

that consumers' perception of vendor trustworthiness is the result of specific factors that are possible for vendors to manage (Connolly & Bannister, 2007).

Stores may attempt to improve their associated brand knowledge and enhance reputation, while trying to reduce perceived risk of transaction. Thus, brand knowledge, reputation, store size and risk in transacting with the stores are considered under store characteristics, which may influence interpersonal trust on the store (IPOT).

### ***Store Brand Knowledge***

Brand knowledge is composed of brand awareness and brand image (Keller, 1993). Brand awareness comprises brand recognition and brand recall; while brand image is defined by the set of positive or negative associations the customer has with the brand.

Based on surveys of Korean college students, an earlier study found that awareness was significantly related to trust (Yoon, 2002), as a certain level of awareness is necessary to bring the consumer to the verge of deciding on trustworthiness of the store. It can be easily argued that store awareness is a necessary but not sufficient condition for evoking trust. A report by Greenfield Online also found that 71% of the respondents to a survey believed awareness to be an important antecedent of trust (Greenfield Online, 1998).

Awareness of a store does not directly translate to intention to purchase from it. Still it can influence perception of risk associated with the online store and influence its perceived trustworthiness, which in turn may lead to formation of positive attitude towards the store and intention to engage in e-commerce activities, especially purchase from it (Gurung, Luo, & Raja, 2008). Gefen et al (2003) concluded that familiarity with the e-vendor does not significantly increase trust when other antecedents are involved, but when treated alone, familiarity directly associates with trust. Brand awareness has been found to directly influence initial trusting belief on the brand (Lowry et al., 2008). More Brand Awareness results in increased familiarity, reduction in the perception of risk and is manifested through improved brand image. This results in increased trust. Another study also found that corporate image influences trust in the brand (Moon, 2007).

Online stores generally deal with different brands of products and they are also perceived as brands on their own. In this thesis brand knowledge is used to indicate customers' knowledge about the online stores and is referred to as Store Brand Knowledge (SBK).

H1a: High level of brand knowledge of the online store (SBK) positively affects trust (IPOT) in it.

### ***Perceived Store Reputation***

Reputation is defined as the extent to which buyers believe an online store to be honest and concerned about its customers (Doney & Cannon, 1997). Reputation is a multidimensional construct, which may be related to quality, customer service, or innovation (Herbig, Milewicz, & Golden, 1994). Building positive reputation is a difficult, time-consuming and expensive process, requiring great deal of consistent relationship-enhancing behavior on the part of the store towards its customers. It can be easily outweighed by a few missteps of the store, resulting in the store being perceived as unfair or dishonest. A good reputation signals that the store did not resort to opportunism for short-term gains at the expense of its customers in the past (Dasgupta, 1988; Telser, 1980).

Reputation within the e-Commerce paradigm can be conceptualized as a collective measure of trustworthiness based on referrals or ratings from members in a community (Audun, Roslan, & Boyd, 2007) indicating an organization's credibility, which results from the comparison between what an organization promises and what it actually fulfills (Casalo, Flavián, & Guinalú, 2007). Third party assessment emanating from the collection of internet users' reviews and feedbacks on their experiences (Resnick, Zeckhauser, Friedman, & Kuwabara, 2000), positive exposure and indirect linking of websites may help in formation of online reputation (Toms & Taves, 2004). Positive reputation of an e-vendor (Chen, 2006; McKnight et al., 2002b; Teo & Liu, 2007) significantly influence clients' trust in online organizations. Customers lacking previous experience with an online vendor also rely on the reputation of that vendor, which the former can use to assess the trustworthiness of the latter (Chen, 2006; Kim, Ferrin, & Rao, 2003; Koufaris & Hampton-Sosa, 2004; McKnight et al., 2002b).

Earlier researchers have argued that reputation is transferable among firms (Ganesan, 1994) and individuals (Koufaris & Hampton-Sosa, 2004). Thus, an individual tends to accept the generally held view of reputation of a store to form an opinion of trust on it. It has also been found that reputation is significantly related to web site trust (Yoon, 2002). Managing reputation in the present era of OSMM is considered among the most difficult tasks for the executives. Using OSM consumers can interact fast among themselves and viral messages



have the potential to make or break the fortune of an organization. OSMs have played a great role in reputation of stores, as high chance of interaction among the consumers makes short-term opportunism costlier for an online store. Hence, a reputed online store has better probability of being perceived as trustworthy.

H1b: High reputation of an online store (Store Reputation: SR) positively affects trust (IPOT) in it.

### ***Perceived Store Size***

Store size has often been cited as one of the most influencing factors evoking trust (Doney & Cannon, 1997). More than the actual size, the perceived size of an online store is important for trust (Jarvenpaa et al., 2000). Customers perceive a large sized organization to be trustworthy (Koufaris & Hampton-Sosa, 2004; Pavlou, 2003) basically for two reasons: (1) it has invested a lot of capital for scaling up to the size and (2) a good number of consumers have already trusted it, indicating its expertise and necessary support systems (Hsu, 2008). Large size also implies that the store should have considerable control on its suppliers to ensure availability of quality products at reasonable price in stipulated time frame. Also, it can compensate the buyers in case of loss arising from product failure or faulty transaction. However, a survey based study conducted by Teo and Liu (2007) could not find any positive relation between e-vendor's perceived size and customers' trust.

A few studies have earlier discussed the effect of size on trust in online context, but have dropped off this construct from the final analysis because of issues with data set (Koufaris & Hampton-Sosa, 2004) or on the basis of researcher's judgment that it cannot be properly measured by the customers of an online store (Hsu, 2008). Since customers build on their perception of the size of an online store from various cues, like variety of product categories, number of products in each category, number of customers who might have already purchased, declaration of the store in its online portal or OSM page, number of people talking about the store in OSM, it is believed that there is a good chance of perceived store size influencing trust in it.

H1c: The perceived size of an online store (Perceived Store Size: PSS) positively affects trust (IPOT) in it.

### ***Perceived Store Risk***

Earlier researcher have paid particular attention to the importance of perceived risk in online context and emphasized on the need for online vendors to provide assurances to their customers to reduce their risk perceptions. Risk perception refers to the “trustor’s belief about likelihoods of gains and losses outside of considerations that involve the relationships with the particular trustee” (Mayer et al., 1995). The question of trust does not arise in the absence of risk (Mayer et al., 1995). Trust is interwoven with risk (McAllister, 1995) and is inversely proportional to trustworthiness (Ganesan, 1994). Earlier research findings suggest that reduction in perceived risk acts as a mechanism to increase trust (Dieberger, Dourish, Höök, Resnick, & Wexelblat, 2000; Resnick & Varian, 1997; Resnick et al., 2000). Researchers have also found that risk influence attitude towards shopping on the internet, although it may not affect intention (Jarvenpaa & Todd, 1997). Consumer’s fear about marketing with social media have been found to play a statistically significant role in the formation of attitude towards marketing with social media (Akar & Topçu, 2011).

Researchers have been divided in their opinion about whether trust is an antecedent of risk perception (Jarvenpaa et al., 2000; Pavlou, 2003) or it is the other way round (Corritore et al., 2003). Some have conceptualised perceived risk as a moderator in studies involving trust and internet shopping (Al-Nasser, 2014), while others have explored the relationship taking risk perception as a mediator between trust and intention (Kim et al., 2008). Although risk can be present at multiple stages of online purchase, but its effect is the most pronounced before trust is built on the seller. Risk perception can be formed by user comments, store’s reply to user queries and complaints and group discussions on various social media sites.

H1d: The absence of perceived risk involved in transactions with an online store (Perceived Store Risk: PSR) positively affects trust (IPOT) in it.

### **3.2.2 Relational Characteristics**

Trust can be analyzed from a social networking approach, assuming that individual actors are embedded within a network of relationships (Jones, Hesterly, & Borgatti, 1997). Members in OSMs participate in social grooming through various activities, like disclosing information about themselves on their profiles by updating their status, sharing pictures or commenting on friends’ pages (Tufekci, 2008). Contacting friends for various purposes, playing games, or commenting on each other’s profiles are some other examples of social grooming behaviour.

This kind of self-disclosure and networked communication naturally lead the participants of OSMs to relationship building.

Social Identity Theory (Tajfel, 1978) indicates that individuals derive their identity by differentiating their relationship with groups in which they belong from other groups (Sohn, 2009). The sense of community and belongingness exhibited by different social media is characterised by different kinds and levels of structural attributes, which are influenced by the participants, complexity and relations among the participants, as well as content, direction, strength of their relations, composition derived from their social attributes (Garton, Haythornthwaite, & Wellman, 1997), network topology and informal social circles (Burt, 1992). Social Exchange Theory (Blau, 1964) reveals that people participate in social interactions expecting social rewards such as approval, status and respect (Wasko & Faraj, 2005). Therefore, interpersonal trust (Interpersonal Individual Trust: IPIT) in a social network community may be attributed to the closeness and familiarity developed among its members resulting from these social interactions (Ng, 2013).

Shin et al (2011) studied tie strength, network density, network centrality as social network structure characteristics to understand their impact on consumer purchase intention through social network involvement. Consumer's utilization of OSN as effective WOM tool leads to importance of study of these characteristics in the context of OSMM. In her thesis Chu (2009) studied social capital, tie strength, homophily and susceptibility of interpersonal influence as social relationship variables to find out their effects on e-WOM behaviour in OSN.

Social interaction among consumers in OSM helps their peers to develop or reject trust in a service provider (Hajli, 2013). The social relationship of consumers generated through social media significantly affects the perceived trust of consumers (Pan & Chiou, 2011) by providing social support (Weisberg, Te'eni, & Arman, 2011). Individuals' word-of-mouth behaviour is also constrained by the properties of social structures (e.g., tie strength, positions in a network) they belong to.

### ***Social Capital***

Social capital is based on relationships and accrues from the benefits that come along with these relationships (Portes, 1998). Bourdieu and Wacquant defined social capital as “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of

possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu & Wacquant, 1992: 14). On the other hand, Putnam (2000) defined social capital as social networks and their associated norms of reciprocity, implying that it is both the network and the effect of the network. Nahapiet and Ghoshal (1998) defined social capital as “the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual”. Newton (1997) suggested that it is comprised of norms, networks, and resulting outcomes, which can then feed back into further norms and networks. Simply put, it can be thought of as the investment in personal relationships or social structure to facilitate individual or collective gains (Glanville & Bienenstock, 2009).

Social capital is widely recognized as exhibiting duality: at the group level, it reflects the affective nature and quality of relationships, while on the individual level, it facilitates an actor’s actions and reflects one’s access to network resources (Coleman, 1994; Lin, 2002; Putnam, 2000; Wasko & Faraj, 2005). The type of relationships within the social network can predict different kinds of social capital.

Social capital contains three dimensions: structural, relational, and cognitive, and each dimension facilitates the creation and share of knowledge (Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998). The structural dimension is associated with social and network relationships, reflecting the potential resource available to an actor. The relational dimension involves the nature of social relations, such as the level of trust, developed through an interaction among the group members. Resources that increase the understanding between entities represent the cognitive dimension of social capital (Nahapiet & Ghoshal, 1998).

Individuals develop relationships in both online and offline settings, and increasingly the boundaries between these two spaces are blurred (Xie, 2007, 2008). The relationship between perceived social capital and activities within one’s OSN have been examined in social media studies (Burke, Kraut, & Marlow, 2011; Burke, Marlow, & Lento, 2010). Internet increases community social capital with the expansion of social networks by allowing users to join virtual communities and access to information (Best & Krueger, 2006; Hampton & Wellman, 2003; Pigg & Crank, 2004). Both bridging and bonding social capital are observed in OSN (Donath, 2007). Ellison et al (2007) found that there is a positive relationship between using Facebook and creation and intensification of social capital.

Online social interaction is positively related to purpose-oriented bridging social capital enhancing relatively thinner generalized trust, compared to thick localized trust gained from bonding social capital with emphasis on emotional charge (Best & Krueger, 2006; Briggs, 2003; Ellison et al., 2007; Pigg & Crank, 2004). Bridging social capital has been found to be positively related to perceptions of information usefulness on Facebook (Gray, Ellison, Vitak, & Lampe, 2013; Lampe, Vitak, Gray, & Ellison, 2012). Along with information and sociability, social networks also provide a sense of belongingness and social identity (Manuel Castells, 2001). This social categorization process facilitates building of trust among group members (van der Zee, Vos, & Luijters, 2009), which may be reflected in their trust on online stores. In another study it was found that Chinese users communicate most frequently and trustfully with users with whom they have strong social relationships, thus the social capital of a preexisting social relationship plays a significant role in Chinese users' eWOM communication (Chu & Choi, 2011).

H2a: Social capital (SC) positively affects trust (IPIT) in one's contact in OSM.

### *Network Density*

Network density is the ratio of the number of ties observed in the network formed by the ego and his friends to the number of possible ties (Barnes, 1969; Tilly, 1969). Marsden (1990: 453) defines network density as “the mean strength of connections among units in a network”, which reflects the overall proportion/strength of connections between individuals. It can also be referred to as the level of connectedness among the actors in a social network (Coleman, 1988). The stronger the connections between individuals in a network, the stronger the social norm is because of mutual influence and reinforcement. This decreases uncertainties and creates a sense of belonging, leading to enhanced trust (Chua & Morris, 2006).

Sociologists have studied structure of communities and social support exchange in ego-centric networks (Wasserman & Faust, 1994). They found that in a dense egocentric network, alters know each other well and form a closed or integrated network. On the other hand, alters hardly know each other in an open radial network formed by less density.

Network density is used to address the communal connections among nodes. The denser the network, the more connected the nodes in the network are (Lin & Qiu, 2012). Theoretically, network size is inversely proportional to network density. Network size reflects the quantity

of connections, while network density refers to the quality of interpersonal relations in a network. Still, in an egocentric network, density does not indicate how close the ego and the alters are in a network. It only shows the extent to which the alters are interconnected. In a dense network, an individual has more chance of getting resources and help. Earlier research done on the micro-blogging site, Twitter has found that larger and sparser networks are correlated more with sharing of emotion (Kivran-swaine & Naaman, 2009). Sharing of emotion in a social medium plays a central role in our daily lives by boosting individual moods and strengthening interpersonal bonds (Rimé, Páez, Kanyangara, & Yzerbyt, 2011).

Computer mediated communication supports both dense bounded groups as well as sparsely-knit loosely-bound networks (Wellman, 1996). A dense network increases the degree of trust (Sparrowe, Liden, Wayne, & Kraimer, 2001) and facilitates the flow of information (Rowley, 1997). Stronger connections between individuals in a network reinforce the social norm through mutual influence. This minimizes uncertainties and creates a sense of belongingness, resulting in likely enhancement of trust (Chua & Morris, 2006). Network density positively affects interpersonal trust (Coleman, 1988; Millar & Choi, 2009; Wong & Boh, 2010) and has a significant effect on individual's intention to pass along e-WOM (Sohn, 2009).

Network density increases solidarity and conformity (Krackhardt & Hanson, 1993) and enhances the degree of trust, commitment and cooperation (Sparrowe et al., 2001) as well as the flow of information (Rowley, 1997). A dense network consisting of strong ties tends to share a majority view (Weick, 1982), creates meaningful information, reduces uncertainty, (Weick, 1995) and tends to produce homogenous evaluations and normative pressures (Friedkin, 1982), leading to a reinforcement of the subjective norm. Coleman (1988) and Millar and Choi (2009) too found that network density promotes trust. Wong and Boh (2010) found that network density positively affects interpersonal trust.

H2b: Network Density (ND) positively affects trust (IPIT) in one's contact in OSM.

### ***Cohesiveness***

Social interactions are important for establishing social cohesiveness, shared values, and collaborative interpersonal relationships (Jarvenpaa & Leidner, 1999). Fundamental to the fabric of group and social functioning, cohesiveness is among the oldest and most widely studied variables in the group dynamics literature (Casey-Campbell & Martens, 2009; Mullen & Copper, 1994).

Group cohesiveness is a dynamic process underscoring the degree to which members are attracted to a group and motivated to remain part of it (Schermerhorn, Hunt, & Osborn, 2011). It is an affective force in maintaining group membership based on the rewards that derive from social interaction (Perrow, 1970). Festinger (1950) observed that cohesiveness is composed of three factors: (a) attraction to the group (analogous to interpersonal attraction or social cohesion), which is essentially a liking for the group or the group members, (b) commitment to the task (analogous to task commitment or task cohesion), which is the extent to which goals of individual members are shared with or enabled by the group, and (c) group pride, indicating extent to which group members experience positive affect from being associated with the group because of its representation or status (Beal, Cohen, Burke, & McLendon, 2003; Carless & De Paola, 2000; Festinger, 1950).

Although traditionally regarded as a unidimensional construct (Goodman, Ravlin, & Schminke, 1987; Piper, Marrache, Lacroix, Richardsen, & Jones, 1983), meaning that the effects of cohesiveness on any criterion variable will be the same even if sources of cohesion are different, a multi-dimensional view of cohesiveness has been suggested by researchers to enrich its theory (Beal et al., 2003). They have adopted multi-dimensional view of cohesiveness and indicated that group cohesiveness can be characterized by interpersonal cohesiveness and task cohesiveness. Interpersonal cohesiveness represents the degree to which positive interpersonal relationships exist among members of a group. On the other hand, task cohesiveness arises as a result of mutual dependency between individuals who group together for the purpose of achieving goals (Huang, 2009).

The Theory of Planned Behavior (TPB) proposed by Fishbein and Ajzen (Fishbein & Ajzen, 1975) posits that behavior is a multiplicative function of expectations of what others consider to be socially desirable and the motivation to comply with these expectations. The theory helps to conceptualize the motivation of group members to comply with the expectations of others because of cohesiveness. Members of a highly cohesive group are more motivated to conform to group practices.

When people are in a highly cohesive group, it is very likely that their decision making processes will be influenced by their companion(s). Teams, especially with high cohesiveness, can exert powerful influence on individuals to conform (Baron, Vandello, & Brunzman, 1996). Granovetter (1992) indicated that being embedded in a cohesive network accelerates the creation of trust. Research suggests that customers who engage in impulsive

buying behavior are influenced by peer cohesiveness, which later influences buying decision (Luo, 2004).

H2c: Cohesiveness (CN) positively affects trust (IPIT) in one's contact in OSM.

### ***Perceived Tie Strength***

Granovetter's paper titled "The Strength of Weak Ties" (Granovetter, 1973) opened avenue for a plethora of research on tie strength. Strength of a tie is a quantifiable property that characterises the link between two nodes (Petróczi, 2007). Tie strength is indicated by a (probably positive, symmetric and linear) combination of the amount of time, emotional intensity, intimacy (mutual confiding) and reciprocity in a given relationship (Granovetter, 1973). Ronald Burt (1992) posited that structural factors, like network topology and informal social circles, shape tie strength. Marsden and Campbell (1984) precisely investigated predictors and indicators of tie strength using survey data from three metropolitan areas.

Common Ground Theory (Clark, 1992) suggests that strong ties can communicate very efficiently because of their shared understanding. Emotional support like empathy and caring is usually restricted to strong ties, and so is social support and companionship. Instrumental support pertaining to practical help, e.g. relating to money or work, and informational support, like advice and information necessary for resolution of problems, can be associated both with strong and weak ties (Grabner-Kräuter, 2010). Trusted weak ties have been found to yield the most useful knowledge to the knowledge seeker in an organization (Levin & Cross, 2004).

Researchers have claimed that "characteristics of tie hold in the (computer) mediated environments as they do in off-line environment" (Haythornthwaite, 2002), rendering online exchanges as real in their impact on the tie as off-line exchanges. Existence of shared values, beliefs, norms and expectations regarding appropriate behavior, sense of identity, commitments and association are believed to make virtual communities mirror the real world (Preece, 2000).

Researchers have found that strong ties may be better able to tailor their responses to the information-seeker than weak ties, making their responses more useful in virtual communities (Burke & Kraut, 2013; Panovich, Miller, & Karger, 2012). Some researchers maintain that these strong ties may be more likely to ensure that the information they provide is understood



and capable of being implemented effectively (Ellison, Vitak, Gray, & Lampe, 2014; Krackhardt, 1992).

Computer mediated social networks can help to maintain both weak and strong ties (Wellman et al., 1996). Social network sites add trust to weak ties because they place weak ties within a social context of friends and facilitate the verification of their identity (Donath, 2007). OSN ties can be built for a variety of reasons, and where the exchange of useful information succeeds, trust may be presumed to follow (Adam & Rončević, 2003). In OSN sites, members often ask for advice and feedback about online stores to help them in decision making process. On the basis of these arguments, it may be stated that tie strength among the communicators will reflect on the trust that one has on his / her contacts in an OSM

H2d: Perceived tie strength (TS) positively affects trust (IPIT) in one's contact in OSM.

### ***Perceived Homophily***

Lazarsfeld & Merton (1954) used the term “homophily” to coalesce observations of early network researchers relating association and similarity. Homophily refers to the degree to which individuals who interact with one another are similar (Rogers & Bhowmik, 1970) in certain attributes attached externally, like socio-demographics (eg. age, sex, race / ethnicity, education), or in states embedded internally, like psychological (eg. intelligence, attitude, aspiration), behavioral and interpersonal characteristics. The principle of homophily indicates that cultural, behavioral, genetic or material information flowing through networks will tend to be localized (McPherson, Smith-Lovin, & Cook, 2001), as exchange of information most frequently occurs among those who share some qualities in common (Rogers, 1962; Rogers & Bhowmik, 1970).

The similarity among individuals subjects them toward a greater level of interpersonal attraction, trust, and understanding than is expected among dissimilar individuals (Ruef, Aldrich, & Carter, 2003). Homophily plays an important role in determining perception of credibility and in influencing the persuasiveness of both websites and online discussion groups (Wang, Walther, Pingree, & Hawkins, 2008). This also affects formation of attitude and subsequent experience gained from interaction.

Chu and Kim (2011) identified homophily as one of the important antecedents to e-WOM behavior in online social network sites. Homophily can increase SNS users' affective and

cognitive involvement to the network (Shin et al., 2011). Thus, this can lead to increase in both emotional and cognitive trust.

H2e: Perceived homophily (HP) positively affects trust (IPIT) in one's contact in OSM.

### ***Embeddedness***

Trust can be analysed from a social networking approach, assuming that individual actors are embedded within a network of relationships (Jones et al., 1997). Embeddedness is characterized by the influence of the network on its members. It can be discussed at relational level and structural level (Granovetter, 1992). Relational embeddedness describes the kind of personal relationships people have developed with each other through a history of interactions. Structural embeddedness concerns the properties (e.g. structure or architecture) of the social system and the network of relations as a whole. It enhances the likelihood of network governance by providing the basis for social mechanisms to adapt, coordinate, and safeguard exchanges (Jones et al., 1997). The concept of embeddedness propagates the argument that accumulation of positive experiences increases trust. Granovetter (1992) suggests that being embedded in cohesive networks accelerates the creation of trust facilitating the circulation of information about parties' reputation and the socialization of common behavior.

H2f: Embeddedness (EN) positively affects trust (IPIT) in one's contact in OSM.

### **3.2.3 Design Characteristics**

Cheung and Lee (2001) conceptualised external environment as one of the factors affecting trust in online shopping. They considered third party recognition and legal frameworks as constituents of this external environment. But in the modern OSM era, powered by advanced technology, when people are in general more familiar with their virtual life compared to the earlier times, they look for more than just these two factors. People gather in virtual communities to exchange information, which may be trivial or may be highly important. They look for relevant advice from the fellow community members in the shortest possible time lapse. In the information jungle created by so many user input, people look for efficient navigation techniques. All these vital characteristics related to OSM lead to trust in the institution, individuals and the organizations.

Users of OSM expect right, relevant and updated information devoid of any error. An OSM platform which consistently offers these attributes is perceived to be more trustworthy because of its apparent ability to satisfy one's information needs properly. Recent work has shown that the textual information contained in web sites about seller descriptions and consumers' past transaction experience can help buyers to infer signals of seller trustworthiness and helps them to build trust in sellers and influence prices (Ghose, 2005; Pavlou & Dimoka, 2006). Perceived web quality, indicated by design, navigation and search facilities, is directly proportional to trust in an online shopping web site (Al-Debei, Akroush, & Ashouri, 2015).

Different OSM sites offer different design characteristics. From the perspective of studying antecedents of trust in Social Media Marketing, characteristics related to errors, security, privacy, navigation, community features and availability of advice gain importance. Marketers dealing with OSMM need to evaluate these design characteristics as important antecedents of trust because they influence users to join such sites. Lack of required level of these characteristics reduces trust on the OSM site and deviate users to other platforms, rendering marketing effort using those sites ineffective.

### *Navigation*

Navigational structure of the website, such as search functions, product indices, site map as well as over-all design and organization reflects on the perceived ease of using a particular technology (Lohse & Spiller, 1998) - one of the important variables in the Technology Acceptance Model (TAM) (Davis, 1989). Effective navigation has been considered as one of the best ways in communicating trustworthiness in online environment characterised by exchange (Bart, Shankar, Sultan, & Urban, 2005; Chen, 2006; Flavian, Guinaliu, & Gurrea, 2006; Koufaris & Hampton-Sosa, 2004). Ease of using and navigating a website significantly influence customers' trust in the electronic vendor, especially during the initial encounter (Chau, Hu, Lee, & Au, 2007). Navigation, layout, presentation, possible sequence of clicks etc. may affect perception of ease of use for members of OSM sites, reflecting its ability to provide required information conveniently. This leads to increased trust (Bart et al., 2005; Belanger, Hiller, & Smith, 2002) on the OSM sites.

Low levels of usability may generate technical errors, thereby increasing customers' feelings of distrust. This may discourage them from ever engaging in subsequent online exchanges (Flavian et al., 2006).

Upon investigation on the impact of a website's graphical characteristics, Kim and Moon (1998) found that usage of three-dimensional dynamic clipart and colours of low brightness used systematically enhanced user's feeling of trustworthiness towards online banking system.

H3a: Ease of navigation (Navigation) positively affects institutional trust (IT) in an OSM.

### ***Absence of Errors***

Customers are likely to trust websites which contain accurate, current and complete information (Kim, Song, Braynov, & Rao, 2005), showcase correct grammar, spelling and syntax (Koehn, 2003) and are free from errors (Bart et al., 2005). Earlier research studies found that content quality reflected by accuracy, usefulness and completeness of information may enhance consumer trust in e-Commerce transactions (Liao, Palvia, & Lin, 2006). This may be extended in the case of OSM too.

H3b: Absence of Errors (Error) positively affects institutional trust (IT) in an OSM.

### ***Perceived Security***

Perceived security of online transactions significantly affects online trust (Belanger et al., 2002; Yoon, 2002). Based on trust transference process, perceived security may be enhanced by application of third-party guarantees to bolster trust in online transactions with online organizations (Doney, Cannon, & Mullen, 1998). Certifications from trusted third parties may compensate for an e-vendor's lack of transactional history with its customer, especially in the initial encounter (Koehn, 2003).

Concern for security is one of the primary sources affecting trust in a website (Rios & Riquelme, 2010) and perception of security increases consumer's trust (Kim et al., 2008). As OSM sites have started offering purchase of apps, games and products directly through them, perceived security may emerge as a vital factor leading to trust on the OSM sites.

H3c: Perceived security (Security) positively affects institutional trust (IT) in an OSM.

### ***Perceived Privacy***

Perceived privacy plays an important role in assessment of trustworthiness of an organization online (Aiken & Boush, 2006; Hoffman et al., 1999). Users at different level of expertise may view privacy issues differently (Corbitt, Thanasankit, & Yi, 2003; Koufaris & Hampton-Sosa, 2004). Although many studies have revealed that users generally do not read privacy statements of an online organization before disclosing their personal details (Arcand, Nantel, Arles-Dufour, & Vincent, 2007; Vu et al., 2007), Lauer & Deng (2007) found that introduction of stronger privacy policies in a company's website increased perceived trustworthiness of the company.

Mere presence of a privacy policy may be sufficient to persuade internet users of trustworthiness of an online organization (Pan & Zinkhan, 2006). This type of consumer behaviour may be explained with the help of Elaboration Likelihood Model (ELM). As the motivation and/or the ability to process messages and arguments decreases, peripheral cues, such as the presence of a privacy statement on a website, may become important determinants of trustworthiness of an online organization.

Rising number of security breaches has become a cause of concern for the users and resulted in emergence of privacy as a key driver of online trust (Hoffman et al., 1999). Thus, customers look for assurance that identifiable personal information collected from their electronic transactions are protected from indecent and/or unauthorized disclosure (Ratnasingham, 1998) by adopting and implementing privacy policy, notice, disclosure, and choice / consent of the website visitors (Bart et al., 2005). For example, Twitter, unlike Facebook offers the opportunity to reinstate some of the anonymity previously sought in online communication. Users do not need to post information about themselves to find 'friends' and thus the site focuses less on 'who you are' and more on what you have to say (Huberman, Romero, & Wu, 2009).

H3d: Perceived privacy (Privacy) positively affects institutional trust (IT) in an OSM.

### ***Advice***

Availability of spontaneous advice from large number of users to resolve different issues may increase trust on the OSM site. By providing automated advice to join communities of interest, take part in different events and consider products of relevance, OSM sites may

enhance user’s trust on them with a heightened sense of their ability and benevolence to solve problems and issues they are facing (Bart et al., 2005).

H3e: Availability of advice (Advice) positively affects institutional trust (IT) in an OSM.

**Community Features**

Although the basic requirement of any OSM site is to offer community features to its users, different such sites offer inherent design variations affecting freedom offered to their members to interact with others for getting their opinion, advice and feedback regarding issues of common interest in a supportive environment. E.g. Communication in Twitter is more public in nature, while Facebook provides option of different types of communities with different levels of privacy settings (public, closed and secret). These features may increase trustworthiness and influence a user’s individuals’ evaluations, aspirations, or behavior (Pentina, Prybutok, & Zhang, 2008).

H3f: Enhanced perceived community features (Community) positively affect institutional trust (IT) in an OSM.

**3.3 Outcomes of Trust**

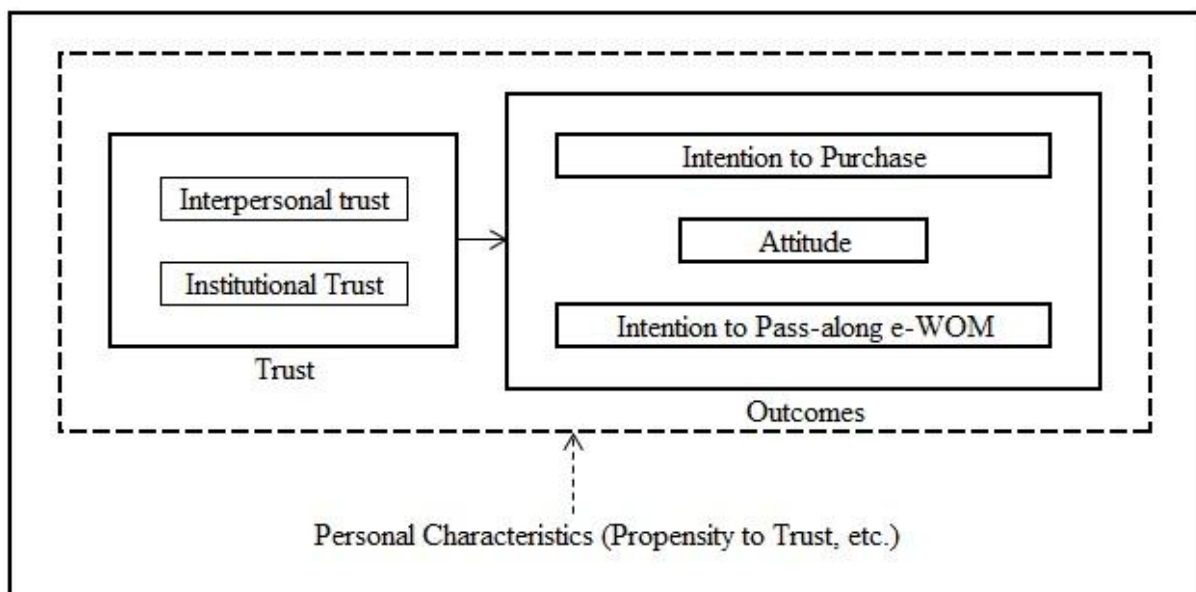


Figure 3.2: A primitive model of trust and its outcomes in OSMM

Different levels of trust in the context of OSMM may influence one another in a complex way. For example, trust in a contact may reflect in trust on an online store recommended by the contact. However, finally these different levels of trust affect various outcomes. Three of

these outcomes are described in this thesis. The Figure 3.2 below crudely describes the relationship between trust and its outcomes in the context of OSMM. The relationships between different levels of trust and outcomes are elaborated in details in the following paragraphs.

Different OSM sites have varying levels of trustworthiness associated with them because of inherent characteristics of network structure and membership criteria. This leads to different user groups developing different levels of institutional trust towards these sites. This may be described as a process in which trust transference occurs between the OSM sites and their members- individuals or organizations.

Trust transference is the process by which one's trust in an unknown target is influenced by trust in associated targets (Lee, Kang, & McKnight, 2007). This phenomenon can also be explained with the help of Balance Theory (Heider Fritz et al., 1958) and Cognitive Dissonance Theory (Festinger, 1954), as both these theories indicate that people try to resolve dissonance created in a triad by transferring trust from one common entity to another unknown one when they are at different trust levels.

H4a: Institutional Trust (IT) positively affects Interpersonal Organizational Trust (IPOT).

H4b: Institutional Trust (IT) positively affects Interpersonal Individual Trust (IPIT).

Consumers develop interpersonal trust towards their friends / contacts in virtual communities of various OSM sites, because they feel that people there are verified and are real. Theory of Six Degrees of Separation (Milgram, 1967) also suggests that any two people in the world are connected to each other by six hops on an average. The small world feeling helps people to develop interpersonal individual trust in the virtual community of OSM sites. Because of various relational attributes affecting interpersonal individual trust on one's contacts, different people form different levels of trust on their contacts or friends in OSM.

The interpersonal individual trust in an OSM is assumed to transfer as trust in an online store (interpersonal organizational trust), about which information is obtained from these contacts, through trust transference process.

H5a: Interpersonal individual trust (IPIT) positively affects interpersonal organizational trust (IPOT) in OSMM.

### **3.3.1 Electronic Word of Mouth**

In his study, considered one of the first seminal studies on WOM, which was published in Harvard Business Review, Ernest Dichter (1966) identified four key motivations that drive individuals to engage in WOM behaviour: perceived product involvement, self-involvement or gratification of emotional needs, other involvements characterized by a need to give something to the receiver of WOM and message involvement. The typological development for WOM behaviour was provided later in the most prominent and comprehensive investigation done by Sundaram & Hills (1998). They discovered eight major motives behind WOM behaviour: product involvement, altruism, helping the company, self enhancement, negative WOM altruism, vengeance, advice seeking and anxiety reduction. Sociability has also been found as another motivation behind WOM behaviour (Reynolds & Darden, 1971).

e-WOM is defined as “any positive or negative statement made by potential, actual, or former customers about a product or company, which is made available to a multitude of people and institutions via the internet” (Hennig-Thurau & Walsh, 2003: 39). e-WOM helps consumers to socially interact with one another generally in a network, exchange product-related information, and make informed purchase decisions via computer-mediated conversations (Blazevic et al., 2013). Common interest in specific products/ services or topics/ activities binds these people together in online communities and inspires them to share their views. The ways in which messages are conveyed and consumed in the online world significantly affect the impact of e-WOM (King, Racherla, & Bush, 2014).

e-WOM differs from traditional WOM in its volume and reach (Dellarocas, 2003), as well as dispersion characteristics across different platforms (Godes & Mayzlin, 2003). Moreover, it is more persistent in nature and generally widely observable to interested consumers. Unlike traditional ties, e-WOM facilitates influence between weak ties. Moreover, because of the textual nature of e-WOM opinions, both the message content and the source characteristics tend to become more salient in consumers' evaluations of credibility and usefulness of e-WOM. Existing e-WOM may significantly affect future e-WOM (Dellarocas & Narayan, 2007). It influences consumer purchasing behaviour and may itself be an outcome of consumer purchases (Duan, Gu, & Whinston, 2008).

Anonymous nature of the internet provides potential for deception and may make consumers conscious about the quality and authenticity of the e-WOM. Moreover, because of assigned



rating in various online reviews, which function as e-WOM, the confusion regarding valence is also low compared to that of WOM (Chevalier & Mayzlin, 2006). Interestingly, earlier studies found that when customers have already made product choice, they look for affirmative evidence in online reviews, a phenomenon called confirmatory bias (Chevalier & Mayzlin, 2006). On the other hand, neutral consumers display negativity bias (Cui, Lui, & Guo, 2012) by being more influenced by negative comments.

OSMM activities contribute as effective marketing communication methods (Kim & Ko, 2012). In social media brand owners co-create brand performances in collaboration with the consumers, rather than creating the same alone (Singh & Sonnenburg, 2012). With the advent of OSM, traditional firm–customer engagement activities are now being mediated by meta-layers of customer communities that bring their own influence and practices to bear (Blazevic et al., 2013).

Earlier research work has examined e-WOM in the context of discussion forums (Andreassen & Streukens, 2009; Cheung, Luo, Sia, & Chen, 2009), UseNet groups (Godes & Mayzlin, 2003), blogs (Dhar & Chang, 2009; Kozinets, Valck, Wojnicki, & Wilner, 2010) and OSNs (Dwyer, 2007; Trusov, Bucklin, & Pauwels, 2009). Trust has been found to partially mediate intention to spread word of mouth (Han & Ryu, 2012; Mak, Wong, & Tong, 2011). Other studies found that trust has significant effect on intention to spread WOM and e-WOM (Chu, 2009; Urban, Amyx, & Lorenzon, 2009).

H5b: Interpersonal Individual Trust (IPIT) positively affects Intention to Spread e-WOM (IPEWOM)

H6a: Interpersonal Organizational Trust (IPOT) positively affects Intention to Pass-along e-WOM (IPEWOM)

### **3.3.2 Intention to Purchase**

A consumer's belief in the ability, integrity and benevolence of the online store gives rise to interpersonal trust in it (Gefen & Straub, 2004; McKnight et al., 1998). Besides one-to-one interaction with the salesman, various cues assist consumers in formation of trust in a store (Doney & Cannon, 1997). These cues become different in the online store context. Consumers depend on the impersonal electronic store front to act on behalf of the individual seller (Culnan & Armstrong, 1999). In online transactions, the salesman is either absent or

peripheral to the selling and buying process (Lohse & Spiller, 1998). In such cases, the merchant organization becomes the primary target of consumer's trust (Jarvenpaa et al., 2000). Thus interpersonal trust can act as a lubricant to facilitate online purchase decision. The consumer is motivated by his subjective belief that the selling party or entity will fulfil its transactional obligations as the consumer understands those (Kim et al., 2008).

Consumer's states of cognitive and emotional feeling have an impact on shopping outcome (Eroglu, Machleit, & Davis, 2003). Trust can be considered as both emotional and cognitive states depending on the context. Hence, this study studies the direct consequence of trust on intention to purchase. Earlier research has found that trust beliefs may become important factors predicting purchase intention (Dwyer et al., 1987; Everard & Galletta, 2006; Gurung et al., 2008; Stewart, 2003). Increased trust has been found to lead to positive purchase decision (Doney & Cannon, 1997) and more loyal consumers (Kantsperger & Kunz, 2010) and ultimately transforms them to advocates of the company. Trust increases intention to purchase online (Limayem, Khalifa, & Frini, 2000; Lynch, Kent, & Srinivasan, 2001; Vijayarathy & Jones, 2000) and level of online shopping activity (Korgaonkar & Wolin, 1999; Miyazaki & Fernandez, 2001).

Notwithstanding the excitement, OSM has not yet lived up to its hype for increased sales or ROI (Kumar & Mirchandani, 2012; Lapointe, 2011). Thus, including this outcome in the research becomes imperative to know if trust can influence increase in sales.

H5c: Interpersonal Individual Trust (IPIT) positively affects Intention to Purchase (IP).

H6b: Interpersonal Organizational Trust (IPOT) positively affects Intention to Purchase (IP).

### **3.3.3 Attitude**

Attitude can be defined as an enduring organization of motivational, emotional, perceptual and cognitive processes with respect to some aspect of the individual's world (Krech & Crutchfield, 1948). Based on Commitment-Trust Theory (Morgan & Hunt, 1994), it can be argued that attitude towards an online store is a gauge of the amount of affect or feeling for or against intention to purchase. In his research paper, Donthu reported that trust is related to attitude towards a website (Donthu, 2001). In earlier researches consumer's trust in a store was found to have a significant effect on consumer's attitude towards the store (Anderson & Narus, 1990; Macintosh & Lockshin, 1997; Schurr & Ozanne, 1985; Wang & Tseng, 2011).

Trust also increases attitude toward online shopping (Al-Debei et al., 2015; Jarvenpaa & Todd, 1997).

Because of faster meaningful communication among participants of various OSM as well as other relational characteristics and design of the OSM, consumers may form Interpersonal Individual Trust on other members of the OSM. Information received regarding an online store may facilitate formation of attitude towards the store.

H5d: Interpersonal Individual Trust (IPIT) positively affects attitude towards the online store (SA) in OSMM.

H6c: Interpersonal Organizational Trust (IPOT) positively affects attitude towards the online store (SA) in OSMM.

The Theory of Reasoned Action (TRA) and the Theory of Planned Behaviour (TPB) indicate that one's behavior is determined by intentions to act (Ajzen, 1985; Ajzen & Fishbein, 1980; Bagozzi, 1981). Again, one's attitude towards the behavior determines the intention. Intention to purchase online and intention to spread e-WOM are predictors of the volitional behavior of purchasing online and spreading e-WOM, which can be explained by TRA. Thus, this research assumes that the stated intention to purchase from a particular website or intention to pass-along e-WOM about it is a reasonable predictor of actual behavior. Therefore, a positive relation between attitude towards an online store and intention to purchase from the store as well as intention to pass-along e-WOM about it is expected.

H7a: Attitude towards the online store (SA) positively affects Intention to Pass-along e-WOM (IPEWOM) about it.

H7b: Attitude towards the online store (SA) positively affects Intention to Purchase (IP) from it.

### **3.4 Personal Characteristics**

According to PEW Internet & American Life Project, "More people would shop online if they trusted the e-commerce environment more" (Horrigan, 2008). Another study found that web trust has a significant impact on online shopping that is influenced by web security, availability, and experiences (Koksal & Penez, 2015). But various personal characteristics

may influence behaviour related to trust in the context of OSMM and hence few of them, as described below, have been included as control variables while testing the hypotheses.

Personal characteristics probably constitute the most important antecedents of trust. Since the propensity to trust varies across different human beings, same organization using OSMM may evoke different levels to trust to different persons who otherwise perceive similar structural characteristics in the particular OSM site. Studies have shown that the extent to which people derive benefits from their structural positions in a social network may differ based on demographic differences (Mehra, Kilduff, & Brass, 2001). Personality has been found related to online socialising and information seeking/exchange revealing differential relationships between personality and Facebook and Twitter usage (Hughes, Rowe, Batey, & Lee, 2012). Personality, experience and culture constitute three major factors constituting personal characteristics (Schoorman et al., 2007). Hofstede's (1980) theory on cultural dimension provides a good basis for predicting how different culture shape dispositional trust. E.g. task-oriented cultures may result in higher initial trust towards strangers, unlike relationship-oriented cultures.

### **3.4.1 Trust Propensity**

Individuals vary in the amount of trust that they extend to their transaction partners (Mayer et al., 1995). Accordingly, the need for information to form trust on a transaction partner (online vendor, in case of online transactions) also varies (Salam, Iyer, Palvia, & Singh, 2005). However, research on this issue has not yielded consistent results.

Gefen (2000) and Teo and Liu (2007) found positive relation between propensity to trust and online trust formation. Gefen argued that propensity to trust is built over an extended period of one's lifetime, and hence is expected to vary across culture. On the other hand, Koufaris and Hampton-Sosa (2004) found no evidence of such kind in initial trust formation in a company. However, propensity to trust can magnify or reduce the impact of website attributes as trustworthiness cues (Lee & Turban, 2001). Prior studies confirmed that people with high disposition to trust perceived online stores to be more trustworthy (Utz, Kerkhof, & van den Bos, 2012) and were more easily influenced by online reviews. The moderating effect of propensity to trust is directly related to the formation of trust based on the trust attributes of the system. Therefore, it is argued that impact of the attributes on trust formation and the outcome of trust are proportional to the trust propensity.

### **3.4.2 Perceived Online Expertise**

Balance theory (Heider Fritz et al., 1958) posits that people usually develop a positive attitude toward those with whom they have some prior association. The more experienced the internet user, the greater the opportunity they have had to prior association with e-Commerce web sites. This will lead to more positive attitude towards e-commerce in general. Therefore, user's web experience can be argued to be positively related to trust.

A consumer's past experience on the internet in general, or shopping on the internet specifically, may generate knowledge and consequences that reinforce the consumer's behaviour. This may shape and moderate the consumer's beliefs, attitudes, and willingness to shop in online stores. Research on new technology adoption has found attitudes towards computers to be among the significant determinants of adoption and use, although some studies have found the relationship to weaken as users gain experience with the technology.

Perceived online expertise indicates one's skills in using computer technology in an online environment. During an online transaction, customer's perception of risk may be attributed to their level of experience with online commerce (Metzger, 2006). Cotbitt et al (2003) found that customers' level of internet experience is positively related to the degree of trust in an e-Commerce website. Completely inexperienced consumers have no basis for online trust.

But the relationship between experience and trust across a broader range of experience is more complex. At the low end of the experience curve, consumers are likely to become more trusting as they gain the familiarity and confidence that occur with successful online activity. However, experiments conducted by Aiken and Bousch (2006) found that the relationship between internet experience and online trust takes the shape of an inverted U, which is positive in the case of users with early stages of internet experience, and negative in the case of more matured internet users. Trust declines at a higher level of internet experience when people accumulate more knowledge about possibilities as to how things can go wrong, leading to increased privacy and security concerns.

Based on these studies, perceived online expertise has been included as one of the control variables.

### **3.4.3 Gender**

Trust may have different influences across gender (Awad & Ragowsky, 2008). Researchers have claimed that men trust more than women in various contexts (Alesina & La Ferrara, 2002; Buchan, Croson, & Solnick, 2008; Glaeser, I., Jose a. Scheinkman, & Soutter, 2000). Reidl et al (2010) found that brain areas that encode trustworthiness differ between men and women. Gender may significantly influence behavior related to purchase intention, shopping and technology, as well as attitude (Samuel, Balaji, & Khong, 2015; Venkatesh & Morris, 2000; Zeithaml, 1985).

Khare suggested that the utilitarian benefits of online shopping may be more pronounced in case of men than in women (2012). During online shopping, women were found to perceive significantly higher likelihood of negative outcomes than men and also anticipate more severe consequences from negative events (Garbarino & Strahilevitz, 2004). Another study found that the relationship between online word-of-mouth quality and trust revealed that the effect of trust on intention to buy online was stronger for women than for men (Awad & Ragowsky, 2008).

### **3.4.4 Online Shopping Risk Attitude**

The perceived risk of a store might be attributable to a consumer's general risk attitudes towards the internet. Four types of risks - product risk, financial, convenience and non-delivery risks- may be examined in term of their effect on consumers' online attitude. Product risk, financial and non-delivery risks may negatively affect the attitude of online shoppers. On the other hand, convenience risk has been found to have positive effect on consumers' attitude, denoting that online buyers trust the online seller and encounter less trouble with a site (Ariff, Sylvester, Zakuan, Ismail, & Ali, 2014). It also implies that consumers are not concerned about non-convenience aspect of online shopping, such as handling of returned products and examine the quality of products featured in the online seller website.

### 3.5 Proposed Trust Model in Online Social Media Marketing

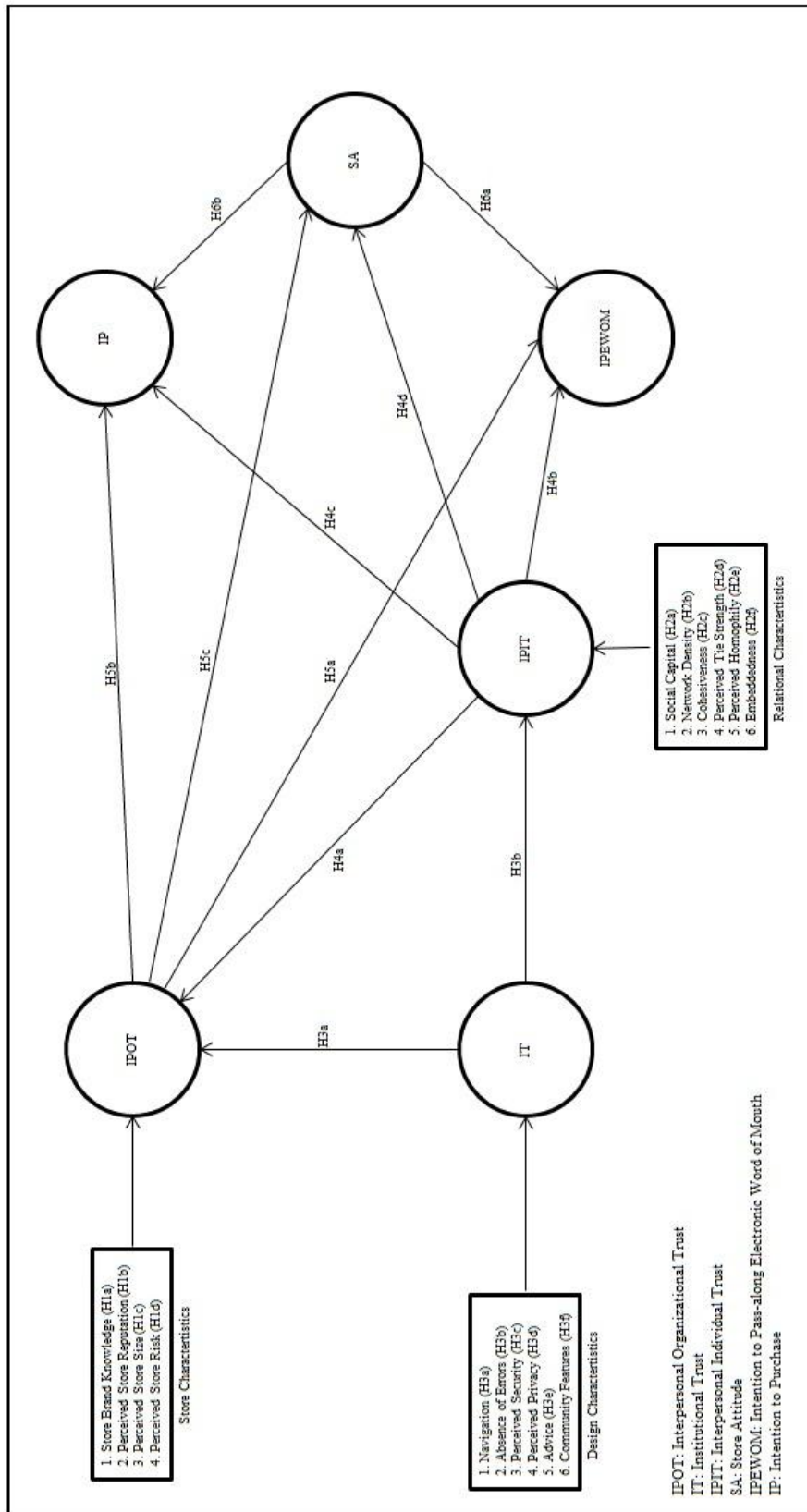


Figure 3.3: Comprehensive conceptual model

This proposed model (Figure 3.3) is partly based on Stimulus- Organism-Response (S-O-R) framework, introduced by American psychologist Robert Sessions Woodworth (1918). This model helps to understand the reasons behind a person's behaviour and hence is very relevant to conceptualize behaviour related issues. Since most of our behaviours are driven by our mental state affected by particular stimulus, one needs to understand how the stimulus affects one's mental state and then change this association to lead to a particular behaviour. Trust acts as the organism mediating between different antecedents and outcomes.

In the classical S-O-R model, stimulus is defined as those factors which affect internal states of individuals and can be conceptualized as an influence that stimulates the individual (Eroglu, Machleit, & Davis, 2001). When consumer behaviour is depicted as an S-O-R system, marketing mix variables and other environmental input which are external to the individual may be considered as stimuli (Richard P. Bagozzi, 1986). On the other hand, "organism refers to internal processes and structures intervening between stimuli external to the person and the final actions, reactions, or responses emitted. The intervening processes and structures consist of perceptual, physiological, feeling, and thinking activities" (Richard P. Bagozzi, 1986: 46). In the S-O-R paradigm, response represents the final outcomes and the final decisions of consumers, which can be either approach or avoidance behaviours. Intention to purchase and intention to spread e-WOM are examples of approach behaviours.

This study operationalizes three different categories of stimulus and two responses in the form of intention to purchase and intention to spread e-WOM. Trust and attitude are considered as the organism.

### **3.6 Corollary Investigation**

The primary study consisting of the hypotheses stated earlier focused on intention to purchase from a particular online store because of trustworthy information obtained from various sources. This corollary study focuses on formation of generic intention to purchase online, because of perceived usefulness of trustworthy information. Thus, this study investigates the effect of usefulness of information obtained through a trustworthy virtual community in an OSM. Moreover, this study concentrates on the reputation of the virtual community as a whole representative of the entire OSM, whereas the primary study studied the effect of one's contacts in an OSN only. Thus, it aims to provide an insight as to whether OSMM can at all



be effectively used as a medium for marketing purposes because of the trust people have in them and how important is the role of trust in this rapidly emerging medium.

Although 29% social media marketers insist on driving conversion by attempting to reach more consumers and increasing sales volume with the help of their marketing efforts (Shively, 2015), social media has not yet lived up to its hype for increased sales or ROI (Kumar & Mirchandani, 2012; Lapointe, 2011). Thus there exists a need to understand and empirically prove the effect of varying perception of reputation of the virtual community as a whole and marketing implication of trust on the community in the context of OSM.

Integration of social networking applications in an online vendor's site has been found to signal benevolence and integrity, which in turn have a significant impact on purchase intention (Breneman & Karimov, 2012). Trust also influences a member's sense of belonging to a virtual community (Lin, 2008) and affects one's intention to both give and receive information through it. Ability and benevolence / integrity are increased through perceived responsive relationships in virtual community by a general disposition to trust (Ridings, Gefen, & Arinze, 2002).

Consumers generally prefer different OSMs for different reasons, based on the reputation of the chosen OSM to serve their purpose. Earlier researchers have studied the effect of individual member's reputation in a virtual community or blogging site (Hsu, Lin, & Chiang, 2013). Individual reputation mediated by trust can help in transcending relationship in virtual communities to result in offline friendship (Kunz & Seshadri, 2015). Again, customer's intention to shop online is significantly affected by perceived usefulness of online customer reviews (Elwalda, Lü, & Ali, 2016). Moreover, source credibility in an online community influences purchase decision through product usefulness evaluation (Zhu, Chang, & Luo, 2015).

### **3.6.1 Usefulness of OSN users' recommendation**

In their effort to minimize risks associated with the purchase of a product, consumers seek recommendations from various reference groups (De Valck, Van Bruggen, & Wierenga, 2009). As per Theory of Reasoned Action, beliefs developed by referred information or normative practices of reference groups influence individual behavioural intention by

forming attitude towards that behaviour. People get a sense of belongingness and assurance through these normative practices regarding acceptability of their choice in their group.

OSM sites influence decision making process (Iosnas & Stoica, 2014) by connecting consumers with their formal or informal, primary or secondary, aspirational or membership-based reference groups through easy two-way communication. Recommendations received from neutral third parties in online communities are more believable and trustworthy than those obtained through conventional media (Gillin, 2007) and hence significantly affect others' purchase intentions (Flanagin, Metzger, Pure, Markov, & Hartsell, 2014).

Technology Acceptance Model implies that perceived usefulness- a significant belief- may help predict formation of attitude and behavioural intention (Braun, 2013). In this corollary study, perceived usefulness of provided recommendation is defined as the degree to which a person believes that recommendations obtained from a virtual community in an OSM would enhance his/ her online purchase performance, which may help in developing a positive feeling or attitude of an OSM site user toward online purchase and may ultimately lead to formation of an intention to purchase online.

H8a. Perceived usefulness of OSM user's recommendation will positively affect OSM users' attitudes toward online shop.

H8b. Perceived usefulness of OSM user's recommendation will positively affect OSM users' intentions to shop online.

### **3.6.2 Trust**

Online trust is reflected by positive expectations regarding beneficial conduct of an e-vendor, characterized by reliance, confidence, and assurance (Chang & Fang, 2013). Inherent characteristics of OSM as well as their privacy and security issues make it quite difficult to hide one's real self in the OSM. These characteristics include option to share photos of people, download images, tagging users in images and posts, membership registration process requirements etc. In spite of the security and privacy features of the sophisticated OSM sites of present days, many users either deliberately express themselves publicly, or fail to implement those features due to ignorance. Moreover, most people may be judged by their

activities and friends on OSM sites. Thus, consumers may feel that the recommendations found on OSM sites are mostly generated by authenticated profiles and hence trustworthy.

Consumers develop interpersonal trust towards the virtual communities in OSM sites, because they feel that people there are verified and are real. Different OSMs have varying levels of trustworthiness associated with them because of inherent characteristics of network structure and membership criteria. This leads to different user groups developing different levels of trust towards these sites. This may be described as a two way process in which trust transference occurs between the OSM sites and their members.

Moreover, OSM users often consider views of people who are not their direct contacts, as necessary expertise may not be available within their close reference group of contacts. Individuals perceive websites as primary actors in OSM sites and online communities can act as a social proxy for individual identification (Brown, Broderick, & Lee, 2007). This leads to an assumption that consumers may form trust on the entire virtual user community in an OSM. Thus, this research work examines trust in the entire OSM as the degree to which people believe virtual communities and the information provided by others there.

Trust in reference groups tend to influence perceived usefulness of recommendation and purchase intention (Egea & González, 2011), as people try to minimize risk associated with purchase. Past empirical studies have shown that trust significantly affects attitude (Pan & Chiou, 2011) and purchase intention (Hsiao, Lin, Wang, Lu, & Yu, 2010; Lim, Sia, Lee, & Benbasat, 2006). Theory of Reasoned Action, Theory of Planned Behaviour and Technology Acceptance Model indicate and empirical studies have proved that an individual's behaviour is shaped by his/her attitude towards that behaviour (Hsu & Lu, 2007; Y. J. Kim, Chun, & Song, 2009). Based on these following hypotheses are put forward:

H9a. Trust on virtual community of an OSM will positively affect OSM users' perceived usefulness of recommendations provided to them.

H9b. Trust on virtual community of an OSM will positively affect OSM users' attitudes toward online purchase intentions.

H10. OSM users' attitudes toward online purchase will positively affect their intentions to purchase online.

H11. Trust on virtual community of an OSM will positively affect OSM users' intentions to purchase online.

### **3.6.3 Reputation**

Reputation may significantly affect trust, behavioural intention (Casaló, Flavián, & Guinalú, 2008) and knowledge transfer (Lucas & Ogilvie, 2006). Sources with high reputation impact decision making process more (Hu, Liu, & Zhang, 2008) and a persuasive message influences the decision maker's confidence on a specific product or service (Li, 2013). Reputation can be defined as an expectation about one's behaviour based on information about or observations of his/her past behaviour. Sociologists studying social networks consider reputation as a quantitative concept and a network parameter associated with a society of agents (Wasserman & Faust, 1994).

In this study, perceived reputation is judged by three aspects: honesty of the OSM site users, acquaintance level of those users and concern for other users as shown by these people. It should be noted that although apparently quite similar to trustworthiness, reputation is actually different from it. For example, one person may be honest, but not reputed as not many people know him/her or (s)he does not show concern for others.

For the purpose of this study, propagated reputation is considered, where one person may be stranger to another evaluating person and still the evaluating person attempts to estimate the stranger's reputation based on information garnered from others in the environment (Nardin, Brand, & Sichman, 2011). This is similar to word-of-mouth propagation for information in human (Abdul-Rahman & Hailes, 2000). This type of reputation can be formed when one's experience is not direct, but is passed on either through word-of-mouth, or via media or other publics (Caruana, 1997). Thus, one OSN may have good reputation for a particular purpose (e.g. first-hand information regarding work culture of different companies), while another may have more generalized group of people discussing on a diverse range of topics.

Thus, the following hypothesis is proposed.

H12. An OSM user's perceived reputation of the virtual community in an OSM will affect the relationships proposed in H8-H11.

#### **3.6.4 Disposition to trust**

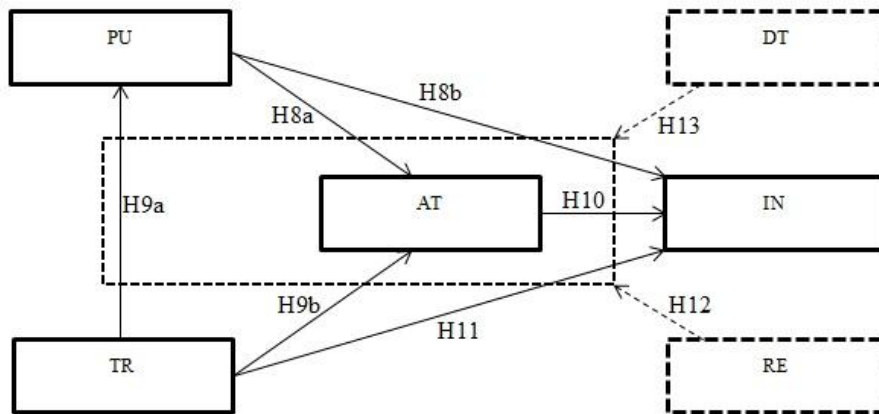
Disposition or propensity to trust reflects one's faith in humanity and tendency to trust others (Gefen et al., 2008), influenced by one's life-long experience and social upbringing (Gefen, 2000). Someone with high disposition to trust is more likely to believe in the goodness of human being and is more likely to trust someone, until the trustee's behaviour proves to be untrustworthy. Propensity to trust is among the most influential factors predicting consumers' trust in online purchase (Lee & Turban, 2001). It moderates the relationship between perceived risk and overall satisfaction (Chen, Yan, Fan, & Gordon, 2015). As people look for recommendations in OSN sites, their perception of trustworthiness is influenced by the source, which on the other hand, is affected by disposition to trust.

In this study, it is assumed that disposition to trust may moderate consumers' attitude toward their online purchase, which in turn mediates the effect of trust on their attitude toward the e-vendor, leading to generation of purchase intention.

H13. An OSM user's disposition to trust will affect the relationships proposed in H8-H11.

#### **3.6.5 Conceptual Model**

Figure 3.4 illustrates the conceptual model, which reflects the hypotheses put forward in this study. It shows that an OSN user's intention to purchase online is determined by attitudes and beliefs about the usefulness of a recommendations obtained through the virtual community of the network and the perceived trustworthiness of the network as a whole. Attitude is influenced by perception of usefulness of obtained recommendations and trust on virtual community of the network. Again, perceived usefulness of recommendations is influenced by trust on the virtual community. In addition to these, user's disposition to trust and perception of reputation of other users have been considered as moderators in this model.



PU: Perceived usefulness of recommendation  
 TR: Trust on the virtual community of the online social media site  
 AT: Attitude toward online purchase  
 IN: Intention to purchase online  
 DT: Disposition to trust  
 RE: Perceived reputation of the virtual community of the OSM site

Figure 3.4: Conceptual model (Corollary study)